

19 **Nonresident Withholding Installment Sale Agreement****597-C**

Attach this form to the back of Form 597-A.

Part I To be completed for an installment sale.

Name of transferor/seller	Social security number	FEIN
Name of transferee/buyer	Social security number	FEIN
Address of California real estate being sold	Adjusted basis of California real estate being sold	

Transferor/Seller Agreement

As a condition to allow a modification to the withholding requirements under California Revenue and Taxation Code (R&TC) Section 18662, the transferor/seller agrees to do the following:

1. File California tax returns for the year of sale and any year in which principal payments are received on the note;
2. Make estimated tax payments that reflect the tax due on principal payments received; and
3. Notify the Franchise Tax Board (FTB) Nonresident Withholding Section of any final payment or disposition of the note.

If the transferor/seller does not comply with the conditions of this agreement, the FTB has the authority to issue assessments, (including penalties and interest) and to enforce collection through, but not limited to, the use of orders to withhold, liens, etc., on the note held by the buyer or any other funds identified by the FTB.



Signature of transferor/seller

Date



Signature of transferor/seller

Date

General Information**When and Where to File This Form**

Form 597-C, Nonresident Withholding Installment Sale Agreement, must be included with Form 597-A, Nonresident Withholding Waiver Request for Real Estate Sales, when a seller requests a reduced withholding amount or waiver based on the fact that the transfer is intended to be an installment sale or an exchange transaction with installment provisions.

For an installment sale of real estate, the transferor(s)/seller(s) must complete and sign Part I.

For an IRC Section 1031 exchange of real estate with an installment provision, the transferor(s)/seller(s) and intermediary must complete and sign Part II.

If there is more than one transferor/seller, each transferor/seller must sign the agreement.

Send completed Form 597-A, Form 597-C, a copy of the installment note and any questions to:

NONRESIDENT WITHHOLDING SECTION
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651
FAX (916) 845-4831

For more information you may access the FTB website at <http://www.ftb.ca.gov> on the Internet.

You may also call the nonresident withholding telephone service at (916) 845-4900.

Part II To be completed for an Internal Revenue Code (IRC) Section 1031 exchange with an installment provision.

Name of transferor/seller	Social security number	FEIN
Name of transferee/buyer	Social security number	FEIN
Name and address of intermediary	Daytime telephone number of intermediary ()	
	FAX number of intermediary ()	
Address of California real estate being sold	Adjusted basis of California real estate being sold	
Address or location of replacement real estate		

Transferor/Seller and Intermediary Agreement

The undersigned transferor/seller hereby certifies, under penalties of perjury, that it is the intent of the transferor/seller to treat the transfer of this property as a part of an IRC Section 1031 exchange.

The parties agree that:

- a) If the exchange takes place, then the amount required to be withheld will be the lesser of 7% of any cash or cash equivalent received by the transferor (or beneficiary) or 3½% of the total sales price. Withholding is required only when the amount of the cash or cash equivalent exceeds \$1500.
- b) If the exchange does not take place or if the exchange does not qualify for nonrecognition treatment, then the amount required to be withheld will be 3½% of the total sales price of the property.

The transferor/seller further agrees to:

- a) File a California tax return reporting the transaction; and
- b) Notify the FTB Nonresident Withholding Section if the exchange does not take place or does not qualify for nonrecognition treatment. The seller/transferor must notify the FTB within 10 days after the expiration of the statutory period allowed for exchanges.

The transferor/seller further agrees to:

- a) File California tax returns for the year of sale and any year in which principal payments are received on the note;
- b) Make estimated tax payments that reflect the tax due on principal payments received; and
- c) Notify the FTB Nonresident Withholding Section of any final payment or disposition of the note.

The intermediary or other entity in control of the funds agrees to:

- a) Be liable for withholding the amount specified above; and
- b) Remit all withheld amounts to the FTB using Copy A of Form 597, Nonresident Withholding Tax Statement for Real Estate Sales. (Get Form 597 for information on remitting the amount withheld.)

▶ _____
Signature of transferor/seller Date

▶ _____
Signature of transferor/seller Date

▶ _____
Signature of intermediary Date Title